

Engaging The Private Sector In Market Analysis After The Nepal Earthquakes



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Executive Summary

The Aid Industry has come on a long way in the 11 years since the Asian Tsunami, especially in the development of cash-based recovery mechanisms. These were very much in their infancy then, but are commonplace now in situations where conditions such as functional markets, and access to them, deems them to be appropriate. Today there are several toolkits and platforms to help programmes manage cash and voucher schemes, and toolkits to help implementers¹.

Cash partly solves the affordability problem on the demand-side, arising in disaster-stricken households who have lost productive assets and who need to buy basic food and shelter items. On the supply-side of the equation, tools such as the Emergency Market Mapping and Analysis Toolkit (EMMA) have been around for almost a similar amount of time, and there is much discussion on the need to avoid undermining markets, and to “do-no-harm”. Yet the practice has not caught up with the rhetoric, especially with regards to working with the private sector in such circumstances, and is heavily reliant upon direct approaches to economic recovery and the delivery of food and shelter items to disaster affected households.

This paper outlines the experience of an established market development programme in the aftermath of the 2015 Nepal earthquakes in its attempts to provide analytical support to the private sector to analyse its impact, and engage with the aid community to help them to work with the private sector. It provides an overview of the programme and the context in which it was working prior to the emergency; the support provided to the private sector in analysing the impact on agricultural markets; and the programme’s attempts to help the aid industry to engage productively with the private sector in the delivery of aid and recovery of livelihoods. It offers lessons as to why this process was not smooth or entirely successful, and some recommendations to the aid community as to how to improve.

Samarth successfully engaged three business membership organizations in the analysis of the vegetable, dairy and agricultural inputs markets immediately following the emergency and advocated among, and offered assistance to, the humanitarian community to engage with these and other private sector entities to deliver relief and recovery initiatives.

Experiences of Samarth and the private sector partners of the process of working together were mixed. Overall, Samarth felt the experience to be positive, but constrained partly by a lack of analytical skills and data management of the partners: something which was addressed by support from the programme. The partners found the process to be useful in assessing the damage done to their respective sectors but had expectations of direct support from Samarth which it was unable to provide.

The uptake of market-led-relief and recovery interventions highlighted by the analysis by the international community was low. This is partly due to the culture and established working practices of the “aid industry”. Often an emergency such as the Nepal earthquake brings in a set of new development actors that are focussed on relief and are not appraised of the local context. Implementers and donors are also under a high degree of pressure to act quickly and be seen to be doing so, and there is therefore a fall-back on “tried-and-tested” tools that yield quick and tangible

¹ E.g. Mercy Corps’ Cash Transfer Programming toolkit which arose from learning from the Asian Tsunami http://www.fsnnetwork.org/sites/default/files/mercy_corps_cash_transfer_programming_toolkit_part_1.pdf and resources on <http://www.cashlearning.org/>

results at the community level, and it is often felt that this is not necessarily an environment to be trying new ways of doing things. Moreover there may be a mind-set that the private sector has money and therefore can look after its self.

Recommendations for the aid community for the inclusion of the private sector in such interventions are offered as follows:

Recommendation 1: Engage the private sector in post-disaster market analysis

It starts with setting an intention. The international community – especially in the humanitarian and emergency spheres – need recognize the value and role of the private sector in recovery, and develop capacity to engage with and include them in their analysis.

Recommendation 2: Look for opportunities for market-led relief in the short-term

Having engaged the private sector in analysis, agencies should work with these actors to identify opportunities for market-led relief. This means looking for legitimate roles that the private sector can play in delivering important goods and services to affected communities, and enhancing these delivery mechanisms. It also means a genuine application of the do-no-harm ethos in identifying and mitigating the potential undermining effects of aid.

Recommendation 3: Ensure that opportunities are identified for early market recovery – downstream as well as upstream – in the medium-term

It is widely recognized that the transition from relief to recovery should happen as quickly as possible. Again, acknowledging the vital role of the private sector in recovery is key. Early recovery interventions need to address downstream issues such as damaged marketing and processing infrastructure.

Recommendation 4: Look for opportunities to develop private sector capacity in information management

Whilst the private sector partners had an extensive network and access to valuable information, this information was not in a form that was readily accessible. Information such as membership of associations and suppliers is useful for day to day management as well as in emergencies. Therefore developing management information systems is a sound development as well as a disaster risk reduction outcome.

Recommendation 5: Develop and use networks with the private sector and incorporate these in the development community

A key strength of Samarth's analytical work was that the programme had well established linkages and networks with the private sector; other programmes are advised to do the same. It is also recommended that investment be made in representation mechanisms for the private sector to the humanitarian aid community; e.g. through chambers of commerce.

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1. Introduction

The Aid Industry has come on a long way in the 11 years since the Asian Tsunami, especially in the development of cash-based recovery mechanisms. These were very much in their infancy then, but are commonplace now in situations where conditions such as functional markets, and access to them, deems them to be appropriate. Today there are several toolkits and platforms to help programmes manage cash and voucher schemes, and toolkits to help implementers².

Cash partly solves the affordability problem on the demand-side, arising in disaster-stricken households who have lost productive assets and who need to buy basic food and shelter items. On the supply-side of the equation, tools such as the Emergency Market Mapping and Analysis Toolkit (EMMA) have been around for almost a similar amount of time, and there is much discussion on the need to avoid undermining markets, and to “do-no-harm”. Yet the practice has not caught up with the rhetoric, especially with regards to working with the private sector in such circumstances, and is heavily reliant upon direct approaches to economic recovery and the delivery of food and shelter items to disaster affected households.

This paper outlines the experience of an established market development programme in the aftermath of the 2015 Nepal earthquakes in its attempts to provide analytical support to the private sector to analyse its impact, and engage with the aid community to help them to work with the private sector. It provides an overview of the programme and the context in which it was working prior to the emergency; the support provided to the private sector in analysing the impact on agricultural markets; and the programme’s attempts to help the aid industry to engage productively with the private sector in the delivery of aid and recovery of livelihoods. It offers lessons as to why this process was not smooth or entirely successful, and some recommendations to the aid community as to how to improve.

1.1. The Samarth programme and the Nepal earthquakes

The UK Aid funded Samarth Nepal Market Development Programme (Samarth) is a five-year, GBP 12.5m rural market development programme that uses the Making Markets Work for the Poor (M4P) approach in eight agricultural sectors, as well as in tourism and media. It is implemented by a consortium of Adam Smith International, Springfield Centre and Swiss Contact.

Facilitation in Nepali agricultural markets is challenging enough. Markets are thin, smallholders are remote and isolated geographically and by poor infrastructure, powerful trading partners are difficult to compete with and there is a long history of more direct delivery programmes which have set expectations among the private and public sectors. Nonetheless, through Samarth’s in-depth understanding of, and relationships within, the markets in which it works, it has cultivated a range of productive partnerships with private and public sector market actors since inception. By April 2015, the Programme had two years left to run and was meeting output and impact targets, and on track to reach its 2017 target of raising the incomes of 300,000 smallholders and rural entrepreneurs by GBP 80 per annum.

² E.g. Mercy Corps’ Cash Transfer Programming toolkit which arose from learning from the Asian Tsunami http://www.fsnnetwork.org/sites/default/files/mercy_corps_cash_transfer_programming_toolkit_part_1.pdf and resources on <http://www.cashlearning.org/>

The earthquakes on 25th April and 12th May rapidly brought a new context to bear on Samarth's markets and partners, causing significant damage within 14 districts of Nepal, with the districts of Dhading, Dolokha, Gorkha, Nuwakot, Ruruwa and Sindhupalchok considered to be most seriously affected. Once the initial emergency subsided in the weeks following the first quake, it became apparent that many of Nepal's agricultural sectors had been seriously affected and markets had broken down, partially in some areas and completely in the most affected districts.

Samarth identified an urgent need to analyse markets, partly because the programme needed to assess the impact of the emergency on achieving its objectives and identify actions required to maintain the programme trajectory. In addition it was felt that skilled programme personnel could do this rapidly and provide analysis quickly to the wider aid community and government and help them in the recovery effort. Whilst Samarth is not a relief agency, it quickly became clear that the team's in-depth contextual knowledge of a range of agricultural sectors, and relationships with players within these could be of importance in advising and supporting the rapidly growing international community entering Nepal at the time and in guiding relief efforts towards, at least considering, the private sector in recovery; better still to adopt a more systemic approach in doing so.

1.2 Framework for market-led recovery

Markets, and the private sector, are important in recovery, and it is important to avoid doing harm. In practice this has implications for agencies involved in recovery, but firstly they need to set an intention to be more cognisant of markets – and the private sector – in their recovery initiatives. Having done so, intervening in this way means:

- a) **Being evidence-based:** Analysing, and *assisting market players* to analyse, the impact of the emergency upon key markets and players that are important for livelihoods, and potentially for early recovery. Using rapid assessments of markets affected by the emergency to understand the effects on markets that the poor are heavily involved in for their food security and livelihoods.
- b) **Avoidance of undermining and distorting markets in the short-term:** Supporting markets to recover quickly and return to delivering goods and services to; and employ and trade with affected people. Working with and through market players to deliver relief where feasible so that they remain in place for recovery.
- c) **Facilitation with legitimate market players (private and public) to recover in the medium-long-term:** Projects need to work with and through existing market players, rather than acting as a deliverer of direct goods and services to affected people. The focus here needs to be on rebuilding economic assets and capacities to resume delivering goods and services, and to buy products and employ labour. This also reinforces the legitimacy of market players in the recovery process. Assisting affected market players – and therefore the markets - to recover helps them return to normality as quickly as possible to ensure affected households can purchase what they need, and return to their normal income-generating activities.

Samarth engaged in the first stage – building an evidence base – through rapid market assessments to inform the programme, the market and the wider international community. This paper outlines the motivations, means, and experiences of the programme and partners in the analytical process and the outcomes of it.

2. Why engage the private sector in rapid post-disaster market analyses?

Aid agencies frequently ignore the private sector in post-disaster analysis. This may be because they are new to the country - such as emergency relief agencies entering specifically for the response. However this is often because they focus more at the symptoms - damage to productive assets, loss of inputs etc - rather than causes - the damage to markets resulting from their lack of resilience, weak governance and vulnerability. This in turn is often because their intended response is focussed on replacing what has been lost or damaged upstream through more or less direct means. Whilst there has been considerable movement towards using cash as a recovery tool, this is often seen as a medium-term instrument, by which time the opportunity to engage with the wider market - and the private sector - may have been missed. Therefore there are a number of important reasons for engaging with the private sector in post-disaster analysis:

2.1. The private sector is important in economic recovery

Poor people engage in markets, selling their produce and labour and buying items and services they require. When these markets suffer a shock such as an earthquake, the poor are rendered yet more vulnerable. Functioning markets for goods, services and commodities are therefore essential for development and growth. Hence, in the wake of a disaster, early market recovery is crucial in ensuring sustainable recovery.

In Nepal, agriculture is an important sector, providing employment opportunities to 66 percent of the population and contributing to 35 percent in the GDP³. It is therefore critical that agricultural markets be considered and supported in early disaster recovery following the recent earthquakes. The private sector is an important component of agricultural markets alongside the regulatory and supporting functions performed by government. Hence Samarth felt it was important to involve the private sector in impact assessment because it has a strong role to play in the recovery of economic activity and therefore the livelihoods of those affected by the earthquake.

2.2. To avoid doing harm & aid sustainable recovery

Market based responses, identified through rapid market analyses can be complementary to other forms of post disaster relief such as cash-based recovery mechanisms employed with affected households, which work at the demand-end for products and services such as agricultural inputs and veterinary services. Households being given cash can allocate this to the items they feel are most important for their recovery if markets are open and functioning to some degree. However, the supply, and the *suppliers* of important items need also to be present and functioning.

In Nepal for example, agricultural sector actors, such as input retailers, were operating in some districts alongside the relief efforts of the international community that commonly involve the widespread distribution of goods (such as seeds and agricultural inputs) that may otherwise have been available in the market, and hence faced the threat of market distortion in the aftermath of the disaster from these parallel systems.

³Government of Nepal Ministry of Agriculture Development (2015) Welcome to Department of Agriculture. Retrieved from: <http://www.doanepal.gov.np>

Samarth felt that as the recovery phase begun, the focus should shift to considering the role that the market could play in this process and to facilitate this process. This would help avoid creating market distortions and dependency on external aid, and help affected communities to recover more quickly and sustainably in the long-run. Therefore it was felt that the programme could engage with this analysis to serve as an advocacy tool to the humanitarian community to allow them to take the private sector into account when developing recovery programmes.

2.3. The private sector affords potential efficiency gains

Standard assessment tools and processes used by the humanitarian sector rely heavily on human resources – some of which are unfamiliar with the country context and language - and expensive logistics. Some private sector actors such as business membership organizations (BMOs) and associations have good networks and information sources that can be readily used. However they may lack specific analytical and management capacity to put these to use in an emergency context.

3. What Samarth did

Samarth-NMDP was already well established in the agriculture sector in Nepal, which placed the programme in a position to quickly support the assessment and monitoring of the effects of the earthquake on selected agricultural markets and to identify areas of recovery intervention that are inclusive of established market players in affected sectors. However Samarth-NMDP (and its consortium implementing partners) are not relief agencies so the programme did not intend to work in this sphere. The focus was upon working with established market players and development actors to assess the impact on their markets, and advocating among the development community for a more market-centred approach to recovery.

3.1. Selection of sectors and methodology development

Samarth decided to focus primarily on the eight agricultural sectors⁴ in which it works, and narrowed these down to three following an initial examination as it was apparent that these were impacted in the six most affected districts. These were:

Vegetables – The majority of smallholders in the affected districts grow vegetables for home consumption and income generation. As with dairy, vegetables also make up an important component of the diets of urban consumers. Disruption of vegetable markets was immediately apparent by the reduced in-flow of products to the central market in Kathmandu, and the absence of small traders and consumers.

Dairy – The dairy sector provides a regular cash income for large numbers of rural poor and is also an important source of nutrition for urban residents. Following the earthquake, it was rapidly apparent that production (cattle and buffalo), infrastructure (milk collection and chilling centres), transport links and urban demand had all been significantly affected in some districts.

Inputs – Inputs are essential for the production of crops, and it was immediately apparent that the supply of inputs, particularly seed, would form a key component of the emergency response. Hence it was felt that an assessment of the status of the inputs market was essential in helping the international community avoid creating distortions.

⁴ Dairy, Fish, Pigs, Livestock Feed, Vegetables, Ginger, Mechanization and Crop Protection Inputs

The team leader had received full training in the Emergency Market Mapping and Analysis toolkit in 2010⁵. A modified version of the toolkit was developed and used for this exercise that focussed mainly upon the pre- and post- emergency market mapping, and seasonal calendar components.

Samarth approached their existing partners to gauge their interest in the rapid market analysis process. These were the Federation of Fruits and Vegetable Entrepreneurs Nepal (FEFVEN) for vegetables, Central Dairy Cooperative Association Ltd. Nepal (CDCAN) for dairy and the Pesticide Entrepreneurs' Association of Nepal (PEAN) for agri-inputs. These partners were selected as they had a wide network in their respective sectors and could act as potential agents to deliver or engage in relief and recovery efforts to help revive their sectors. All three confirmed their interest in participating.

The Samarth team was largely back to work 7-10 days following the earthquake. An orientation was provided to the team into the earthquake context, how this impacts markets, and the rapid market assessment task. Following this, the team set to work on working with the three partners in developing a methodology and questionnaires. These questionnaires were drafted and tested to be conducted through telephone interviews, focus group discussions and field visits. These were designed to provide a rapid snapshot of the status of the value-chain, supporting functions and rules of the market systems in question.

3.2. Rapid market analysis & publication

Samarth supported the organizations to conduct rapid market analysis from 22nd May to 5th June, 2015. Key informant interviews, focus group discussions, telephone interviews and observations were used to collect market information during RMAs.

Vegetables: The assessment focused on the vegetables pockets and markets in eight affected districts (those growing vegetables) and the main markets of Kalimati, Balaju, Balkhu, Baneshwor and Lagankhel. The analysis included a half day interaction workshop with 10 vegetable traders; field interviews with 48 producers at production pockets; discussions with District Agriculture Development Officers, and interviews with vegetable producers.

Dairy: The assessment focused on assessing the damage to collection and chilling centres, loss and nutritional status of livestock in the affected districts. The assessment was carried out over the phone with 13 cooperatives in 11 affected districts and some field visits were conducted to verify the information provided.

Inputs: The assessment was carried out in 10 districts with 66 retailers (agro-vets). Information was collected through key informant interviews and telephone interviews. Observations during the visit were also recorded.

Samarth provided meeting space in the office, which by then had been re-opened following an inspection by engineers. In addition, guidance in the design and implementation of the RMAs was provided along with guidance and support during the data collection. Additional support was provided in the form of telephone and transport allowances. Importantly, all three partners provided in-kind contributions, such as their staff time etc, demonstrating a real ownership and

⁵ <http://emma-toolkit.org/get/download/>

commitment to understanding the effects on their respective sectors and to supporting the sectors in a sustainable recovery.

Samarth assisted with the final data analysis and report writing. The reports were finalized and published on the Samarth and Humanitarianresponse.info⁶ websites, and disseminated through the Food Security Cluster, the Markets in Crisis Group and the Market Development Forum of Nepal. Presentations were also made through the Food-Security Cluster meetings and at the quarterly meeting of the Market Development Forum of Nepal, to raise awareness of the reports which were the first such post-earthquake market analyses to be developed.

4. Experiences of the process

The overall process took six weeks from the onset of the emergency treatment the publication of the reports. The Samarth team were highly engaged in, and committed to supporting, the rapid market analyses and the overall experience of working with these three partners was very positive. The team was able to work well with the three partners and help them deliver quality rapid market analysis which provided an early qualitative and quantitative snapshots of their given markets. However on reflection there were a number of enabling factors, and a number of challenges encountered by Samarth, and the partners.

4.1 Samarth experience

There were a number of **enabling factors** which meant that Samarth could engage with these three institutions rapidly, and successfully. These were:

Skills of the Samarth Team: The Samarth team were highly motivated to engage in the task as there was a sense that they wanted to engage help their communities. The staff also had readily transferable skills in market systems analysis.

Programme relations with partners: When Samarth approached FEFVEN, CDCAN and PEAN to conduct RMAs, they agreed immediately as Samarth had longstanding relationships with them through interventions that were ongoing or in planning prior to the emergency. However they had several preconceptions of how the sectors were affected and how business operations would be affected. This was mainly informed by anecdotal rather than empirical evidence, mainly because they lacked the capacity an experience of doing it any other way. This was the main value that Samarth added to the process and afforded clear synergies for both

Networks of the partners: All three partners had extensive networks and contacts with market players such as dairy cooperatives, input retailers and vegetable traders in the districts. Information that would have taken days or weeks for an international organization to obtain directly, took hours or a few days through the BMO partners.

It wasn't all plain sailing, however, and a number of **challenges were encountered** by Samarth:

Record keeping of partners: None of the partners had conducted such an assessment before. Whilst all three had networks and information, this was not necessarily in a readily accessible form: most was in paper files – and some had been buried in rubble. For example dairy cooperatives and dairy processors had records of daily purchases of milk from communities in the affected area which could be used to estimate the drop-off in supply by examining historical trends.

⁶ This is the main coordination hub for relief agencies, established by UNOCHA

Lack of analytical capacity of the partners: The partners largely lacked the capacity to develop questionnaires, conduct surveys and analyse data as this was not something they had previously needed to do. This was one of the main areas of support that Samarth provided.

Lack of experience of Samarth and the partners with the emergency and relief sector: Whilst the partners had previous experience of implementing components of development projects, none had encountered an emergency before or the accompanying relief sector. Similarly Samarth is not a relief agency and did not have established networks or experience with aid actors. This was partly addressed by joining the humanitarianresponse.info platform⁷ and the Cluster Groups that were established by the United Nations.

Raised expectation: The partners had expectations that support from Samarth would automatically follow assessments. This expectation was also shared by many of the informants to the research. Samarth did not have a mandate, the finance or the experience to provide such support, and neither did the partners. Whilst Samarth's intention was to inform bring these sectors and partners to the attention of the wider community - an intention that was clearly communicated - the expectation of follow-up support was unavoidable, especially given past experiences of development in the country.

1.2. Private sector experiences

Vegetables – FEVEN: Prior to the RMA, FEVEN had begun collecting information about the damage to their members, but this was not methodical and they had not considered what they would use this information for. They were unfamiliar with the process of assessment so when Samarth approached them, they took it as an opportunity to assess the damage and identify areas of support. The process helped them to connect with their members during the emergency and strengthened their capacity to conduct research. This also provided confidence among the traders and wholesalers of vegetables that the sector could be revived. However during the assessment, FEVEN felt that it was difficult to approach victims to assess the situation as there were lots of expectations of relief activities. FEVEN felt that it would have been better if they could have taken the relief support with them to distribute directly. However they did coordinate with the District Agricultural Development Office (DADO) to supply vegetable seeds in the affected districts.

Dairy – CDCAN: This was the first time that CDCAN had worked with an organization to gather this type of information. It strengthened CDCAN's relationship with Samarth who helped CDCAN representative to think beyond the core problem. For example, CDCAN would have gathered the information on their own but they would be limited to infrastructural damage. CDCAN felt that Samarth helped them to look at the feed market, animal health, and the general dairy market. CDCAN had already developed a questionnaire but Samarth helped them to build upon it. CDCAN were able to ask the right questions and get relevant information, and could gather most of the information through telephone conversations. Field trips helped them to see the extent of the damage and get closer to affected farmers. CDCAN was able to obtain good information from key informants and verify news from that was coming from other sources. This strengthened CDCAN's relationship with member cooperatives. However CDCAN felt that the field trips were limited -

⁷ <https://www.humanitarianresponse.info/> is a dedicated coordination platform organized by United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) which "aims to be the central website for Information Management tools and services, enabling information exchange among operational responders during either a protracted or sudden onset emergency".

mainly due to road conditions. They would have also preferred more detailed household surveys, but acknowledged that this would have taken more time.

Inputs – PEAN: PEAN were not planning to conduct any market assessments. Whilst there were reports of damage to their members, they didn't have any resources or the capacity to conduct a market assessment. When Samarth guided them with the research, it enhanced their capacity in research and enabled them to gain strong support from their members. During the research, the coordination went really well. However whilst PEAN went out of their way to identify and assess the areas for support, they felt that it would have been better if they could have had the resources to support some of their members directly. Following the research they were also expecting some support from Samarth for reconstruction.

2. Snapshot of analytical findings and recommendations

The full analysis reports can be found at <http://samarth-nepal.com/resources/post-earthquake-activities>. However some of the key issues arising are given below; with response options discussed in the next chapter:

5.1. Agricultural season

The earthquake struck around the time of the harvest of winter cereals (wheat, barley) and vegetables and at the onset of the monsoon when land preparation for rice was about to commence. This meant that there was even higher labour scarcity than normal because of competition for building temporary housing, repairing other infrastructure etc. This had implications for planting crops and looking after livestock.

5.2. Vegetable market system

Key issues highlighted in the analysis of the vegetable market with FEVEN were as follows:

- Damage to irrigation infrastructure, and disrupted supply resulting from lack of labour for harvest, reduced planting and competition for other activities such as rebuilding.
- Damage to vegetable collection and wholesaling infrastructure; over 50 collection centres (of around 400) and 40% of traders reported disruption due to damaged infrastructure, transport and communication.
- Significant demand reduction (40%) in Kathmandu (around 1m consumers fled) leading to a drop in prices (although some commodities rose) as well as a lack of efficient market information system for price as well as traded volume.
- Disruption of retail chain in Kathmandu due to departure of small traders (mostly Indian petty traders - returning due to fear of aftershocks); inhabitants still in Kathmandu find it difficult to buy vegetables through their normal channels.

Vegetable Intervention Options: The critical issues emerging from the analysis with FEVEN were damage to trading infrastructure, price shocks and a lack of confidence among growers to plant. The response of the international community was mainly focussed upon the direct provision of vegetable seed kits, which assumed that production was the problem. Instead they could have worked with FEVEN, traders and cooperatives to make temporary repairs to trading places. In addition they could have helped to develop improved market information systems from the affected areas to monitor prices and volumes to inform traders, government and the food-security cluster as to the status of the market. In addition, trade facilitation initiatives could have been established to

encourage Indian and/or Nepali traders to source vegetables from accessible areas to take off some of the surpluses and help prices to recover.

5.3. Dairy market system

The main issues highlighted in the dairy market system research with CDCAN were:

- Extensive loss of dairy cattle and buffalo.
- Severe nutritional stress of cattle which are neglected due to competition for labour for gathering fodder etc.
- Overall demand for milk in Kathmandu – the main consumer market for dairy products – reduced by around 60% initially, then recovered to 75% of normal levels.
- 26 chilling centres and 7 processors were damaged and non-operational.
- Exposure of formal and informal credit providers to high levels of debt due to loan defaults.

Dairy Intervention Options: Nutritional stress of dairy livestock was one issue clearly highlighted in the analysis with CDCAN and of others. Some agencies responded by conducting household assessments and procuring concentrate feed and feed-blocks to distribute directly. However, agencies could have partnered with CDCAN and/or dairy companies (including the government's Dairy Development Corporation) who had well established networks and trading relationships with affected farmers. They could have conducted more detailed assessments of affected families who were well known through milk collection centre records, and channelled feed and mineral blocks through the supply-chain. This could also have piggy-backed upon cheap or free logistics as milk trucks were going up to many of these communities empty. Ultimately these channels could have also provided a useful means of monitoring the recovery as milk records would have indicated which households were back to normal in comparison to previous years. Additionally, it may have provided a means of introducing mineral blocks as a new technology since these are not widely known among dairy farmers – hence building back better.

5.4. Input market system

The main issues uncovered in the analysis of the agricultural inputs market system conducted with PEAN were:

- Physical damage to input retail outlets: of 60 retailers interviewed, 46 had partial and 11 had total losses, with losses amounting to over 400,000 USD.
- Sharp decline in demand for inputs from farmers (from 10 – 95%; average 45%) – partly due to donor handouts (especially seed), partly due to farmers reducing planting and focusing on rebuilding.
- Rise in credit defaults from farmers – retailers and retailers – wholesalers.
- Significant losses of stored seed at the household level, leading to an increased demand for seed than would normally be experienced.
- Demand for new items such as storage bags for grains.

Inputs Intervention Options: The main issues highlighted were damage to input retailers and loss of stock and heightened demand for new items. The response of some agencies was to provide seeds and other inputs directly to farmers and there were reports of this impacting adversely upon input retailers in affected areas. Other agencies were developing cash and voucher schemes which had yet to be implemented but promised to address affordability issues at the farm level. Therefore instead of bypassing the private sector and providing inputs to farmers directly, agencies could have partnered with PEAN and input wholesalers to help source and supply inputs through their network

of retailers, provide soft credit for reconstruction and restocking, and link in with the cash and voucher schemes.

6. Use and usefulness of the analysis

6.1. Private sector

FEFVEN disseminated RMA findings to wider stakeholders such as the Vegetable Development Directorate (of the Ministry of Agricultural Development), Natural Resources and Agriculture Parliamentary Committee, Agri-Business Promotion and Marketing Development Directorate and wholesalers. The RMA provided assurance and confidence among vegetable market players that the sector would recover. Having read the report, World Jewish relief met with FEFVEN to rebuild vegetable collection centres and distribute vegetable seed to producers in Lalitpur district. **PEAN** disseminated the findings more informally ways to their members. **CDCAN** were able to share the report with wider stakeholders such as the National Dairy Development Board and National Cooperative Association. This also enabled them to better coordinate with the District Livestock Services Office to deliver emergency feed and veterinary interventions (mainly in Lalitpur, Kabhre, Sindupalchowk districts).

6.2. International community

The data served as additional triangulation for data emerging from the Food and Agriculture Organization, World Food Programme and Ministry of Agricultural Development. In addition it provided more granularity as to the impact on the wider market system. As a direct result of the analysis and coordination provided by Samarth, one international organization begun working with FEVEN on the rehabilitation of vegetable market structures and recovery of vegetable supply through them. In addition, Samarth implemented emergency programmes in veterinary treatment and euthanasia, livestock shed rehabilitation and community seed grain storage. Whilst not in direct partnership with the aforementioned players the data arising from the studies, and contacts made, greatly informed their design and execution. Moreover these partners were also consulted during the design and implementation.

Unfortunately though, despite pervasive rhetoric among the development community concerning the avoidance of undermining markets, and widespread initiatives such as Emergency Market Mapping and Analysis (EMMA) and the SEEP Minimum Standards for Economic Recovery among them, there was little engagement in market analysis or processes early on in support of this among these agencies. Whilst the early efforts of Samarth and others were well received, the overall response was geared overwhelmingly towards direct responses.

There are a number of interventions highlighted above, which could have been taken up by the international community which could have complemented their efforts in cash and voucher payment systems, and helped markets – and ultimately livelihoods – to recover more quickly. At the time, Samarth was promoting these ideas widely among the cluster groups and offering to facilitate meetings with potential partners. As explored in the next chapter, there are a number of reasons for the overall lack of acceptance of these ideas, and wider lack of engagement with the private sector among the aid community in emergencies.

7. Conclusion & Recommendations

The example market facilitation interventions highlighted above acknowledge the role that markets – and the private sector – can play in early recovery and ultimately in re-establishing the livelihoods

of affected people. Facilitation helps to maintain legitimate relationships between market players (e.g. farmers and input suppliers, and buyers of milk and vegetables), avoids undermining their roles, and ensures sustainability. Ultimately too, it is a respectful way of engagement because it doesn't impose external methodologies, knowledge and practices upon affected people, but complements the knowledge and networks of private sector actors with the resources required to help them recover normal function – such as analytical capacity, finance and access to the wider development community.

On reflection though, the lack of uptake of market-led relief and private-sector recovery interventions and facilitation approaches was perhaps predictable. This is partly due to the culture and established working practices of the “aid industry”. Often an emergency such as the Nepal earthquake brings in a set of new development actors that are focussed on relief and are not appraised of the local context. Implementers and donors are also under a high degree of pressure to act quickly and be seen to be doing so, and there is therefore a fall-back on “tried-and-tested” tools that yield quick and tangible results at the community level, and it is often felt that this is not necessarily an environment to be trying new ways of doing things. Moreover there may be a mindset that the private sector has money and therefore can look after its self.

Samarth's experience case has demonstrated that working private sector actors such as business membership organizations in the aftermath of an emergency is feasible, and can be a rapid and efficient mechanism for rapid post-disaster market analysis and potentially for response and recovery. Moreover it has the potential to reinforce the role and legitimacy of these players among their communities, and harness their ability to engage in response and recovery. Business Membership Organizations and Associations are good candidates for this because of their extensive networks, but other large, well networked companies may also be important to consider in this regard.

There are a number of considerations for organizations who choose to partner with the private sector however. Firstly, BMOs and other private sector institutions are likely to lack the capacity to design and execute surveys, and to analyse and present data in such a way that it can be readily used by decision-makers in the international community and national/local government. Secondly, they lack the exposure to the international community and understanding of their way of doing things – especially those engaged in humanitarian response – to be able to engage and be a part of response and recovery.

Both of the above constraints can be mitigated. In the short-term, following the onset of an emergency, well-resourced responders can empower key private sector actors by working alongside them and supplying analytical, coordination and management capacity for the duration of the research; and partner with them in delivering market-led relief and recovery interventions where appropriate. In the medium term they can work to develop analytical capacity within these organizations which will serve them not only for future emergencies, but also to improve their overall management information systems and coordination within their organizations for their day to day business operations. In the long-term, Disaster Risk Reduction programmes need to become more inclusive of such private sector institutions; building their capacity and legitimacy as sources of timely information immediately following an emergency. Given that the private sector is key in recovering markets, and therefore the livelihoods of affected populations, it is also beholden upon the international community to help it understand the impact of disasters and to plan the recovery process.

Accordingly, there are a number of recommendations for the international community to be more effective at partnering with the private sector in post-emergency market analysis and facilitation of recovery interventions:

Recommendation 1: Engage the private sector in post-disaster market analysis

It starts with setting an intention. The international community – especially in the humanitarian and emergency spheres – need recognize the value and role of the private sector in recovery, and develop capacity to engage with and include them in their analysis. This means understanding the capacity and incentives of the private sector and addressing shortfalls through intelligent resourcing. To do this though, the international community needs to want to do things differently and to commit to doing so.

Recommendation 2: Look for opportunities for market-led relief in the short-term

Having engaged the private sector in analysis, agencies should work with these actors to identify opportunities for market-led relief. This means looking for legitimate roles that the private sector can play in delivering important goods and services to affected communities, and enhancing these delivery mechanisms. It also means a genuine application of the do-no-harm ethos in identifying and mitigating the potential undermining effects of aid.

Recommendation 3: Ensure that opportunities are identified for early market recovery – downstream as well as upstream – in the medium-term

It is widely recognized that the transition from relief to recovery should happen as quickly as possible. Again, acknowledging the vital role of the private sector in recovery is key. All too often recovery interventions focus on addressing the symptoms of the emergency – farmers lack inputs and productive assets – rather than the causes – severed input supply and forward markets. Market-led relief helps to address these symptoms whilst ensuring that market players are still operational to be able to recover. Early recovery interventions then need to address downstream issues such as damaged marketing and processing infrastructure.

Recommendation 4: Look for opportunities to develop private sector capacity in information management

One of the key issues to emerge from Samarth's experience was that whilst the private sector partners had an extensive network and access to valuable information, this information was not in a form that was readily accessible as it was in paper form and some of it was contained in buildings that had been damaged. Information such as membership of associations (e.g. in the case of FEVEN), and milk supply and suppliers (e.g. in the case of CDCAN) has far wider usefulness to the organization than in the rare event of emergencies, it can be highly useful in managing membership and dues, or managing milk supply. Incorporating management information system development into partnership can therefore be viewed as both a development intervention and a Disaster Risk Reduction intervention, since readily accessible and well organized data allows for much quicker analysis in the event of an emergency.

Recommendation 5: Develop and use networks with the private sector and incorporate these in the development community

A key strength of Samarth's analytical work was that the programme had well established linkages and networks with the private sector. Programmes already working in the economic development space may already have this in place too, but those who do not are well advised to develop

relationships with key players, and foster networks. In addition, the private sector were entirely absent from the cluster coordination meetings and so their voice and therefore potential role in relief and recovery went entirely unheard. Therefore it is recommended that investment be made in representation mechanisms – e.g. through chambers of commerce – capacity building in DRR for the private sector, and sensitization towards the role and function of the humanitarian sector.